

SCS SB 620 -- AUTO MANUFACTURING PLANT IN HAZELWOOD

This bill:

(1) Exempts 50% of the Missouri taxable income attributed to the Hazelwood Ford Plant from taxation;

(2) Allows Ford to use the following tax credits for 10 years:

(a) A \$400 or \$500 tax credit for each employee retained by Ford at the Hazelwood facility;

(b) A \$400 tax credit for each year in which a retained employee lives in Hazelwood. This tax credit can be prorated for employees who have not lived in Hazelwood for a full year;

(c) An annual \$400 tax credit for each retained employee that fits the criteria for "a person difficult to employ." This tax credit can be prorated for employees who have not worked for the facility for a full year;

(d) A tax credit equal to 80% of the training expenses that are in excess of \$400 per trainee for trainees who are residents of Hazelwood or who meet the definition of "persons difficult to employ." This tax credit cannot exceed \$400 per trainee; and

(e) A tax credit equal to 10% of the first \$10,000 of qualifying investment, a 5% tax credit on the next \$90,000 of qualifying investment, and a 2% tax credit on all remaining qualifying investments;

(3) Allows Ford to receive a tax refund for the facility in Hazelwood, but only if the certified tax credits exceed Ford's total Missouri tax liability by at least \$1 million. In this case, a portion of the tax credits earned will be considered an overpayment of taxes and may be refunded. The maximum amount of the refund cannot exceed \$2 million a year;

(4) Prohibits Ford from taking advantage of the tax exemption for new businesses in enterprise zones, tax credits for a new or expanded business facility in an enterprise zone, tax credits for training employees, tax credits for new or expanded business facilities, or the income tax refund for establishing a new business facility in an enterprise zone if it uses the tax exemption, tax credits, and tax refund granted in the bill;

(5) Allows Ford to participate in the New Jobs Training Program; and

(6) Requires any contract entered into between Ford and the

Department of Economic Development to include a requirement that the company maintain operations at the facility for at least 10 years at a specified employment level. The contract must also include provisions for repayment of incentives upon breach of contract.

For the purposes of tax credits for Business-Use Incentives for Large-Scale Development (BUILD), the bill defines "essential industry" to include the Ford Plant in Hazelwood. Existing jobs at the plant are allowed to be considered new jobs for the purpose of receiving BUILD tax credits.

The bill also limits the amount of authorized BUILD tax credits to \$11 million annually and removes the \$75 million limit on revenue bonds the Missouri Development Finance Board can sell.

The bill establishes how economic activity taxes and new state tax revenues will be calculated for a national headquarters that has moved from another state to Missouri for the purposes of tax increment financing.